

Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 R

DRAFTED BY NEA/EGY:CAKENNEDY:CEK

APPROVED BY NEA - MR. ATHERTON

D - MR POATS

EUR/CE - K. A. KURZE

S/S -R.PERITO

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 298240 TOSEC 320052

EXDIS

E.O. 11652: GDS

TAGS: ECIN, ECON, EG

SUBJECT: BRIEFING MEMORANDUM - TALKING POINTS ON AID TO
EGYPT FOR YOUR MEETING WITH GERMAN FOREIGN MINISTER
GENSCHER

FOR THE SECRETARY FROM ATHERTON

1. BACKGROUND.

IN OCTOBER, SADAT WROTE TO PRESIDENT FORD SEEKING OUR
ASSISTANCE TO ENCOURAGE THE GERMANS TO PROVIDE A FINANCIAL/
ECONOMIC ADVISOR FOR SADAT. OUR SUBSEQUENT CONTACT WITH
THE GERMANS REVEALED THAT THE GERMANS WOULD HAVE TO WAIT
FOR THE FORMATION OF A NEW CABINET BEFORE MOVING AHEAD ON
THEIR RESPONSE. THE NEW CABINET WILL BE ANNOUNCED ABOUT
DECEMBER 16.

SOME TIME AGO YOU PROMISED SADAT THAT YOU WOULD ASK THE
GERMANS TO INCREASE THEIR ASSISTANCE TO EGYPT. IN
SEPTEMBER 1976 YOU SENT A LETTER TO GENSCHER ASKING GERMANY
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TO LOAN EGYPT 100 MILLION DOLLARS ON CONCESSIONAL TERMS.

GENSCHER RESPONDED TO YOUR LETTER BUT LINKED THEIR AID MORE TO EGYPTIAN ECONOMIC REFORMS. IN ANY EVENT, FURTHER AID CONSIDERATION, ACCORDING TO GENSCHER, WOULD HAVE TO WAIT

FOR THE BUNDESTAG ELECTIONS. THESE ELECTIONS WERE CONCLUDED ON OCTOBER 3.

2. TALKING POINTS

-- AS WE HAVE RAISED WITH YOU EARLIER, PRESIDENT SADAT HAS ASKED US TO ENCOURAGE YOU TO MOVE AHEAD ON HIS REQUEST FOR A GERMAN FINANCIAL/ECONOMIC ADVISOR. I HOPE YOU WILL BE ABLE TO RESPOND POSITIVELY SOON AFTER YOUR NEW GOVERNMENT IS INSTALLED.

-- I APPRECIATE YOUR RESPONSE TO MY LETTER ON AID TO EGYPT, AND I HOPE YOU WILL BE ABLE TO RESPOND TO EGYPT'S NEEDS BY INCREASING YOUR AID PROGRAM. IN OUR VIEW, THE EGYPTIAN ECONOMIC SITUATION REMAINS PRECARIOUS AND AN ELEMENT OF POTENTIAL INTERNAL INSTABILITY. EGYPT'S GREATEST NEED IS FOR PROGRAMS WHICH HAVE DIRECT BALANCE OF PAYMENTS EFFECTS. ALTHOUGH I UNDERSTAND YOUR LEANING TO MORE PROJECT-ORIENTED AID, I HOPE YOU CAN KEEP A PORTION OF YOUR ASSISTANCE IN THE BALANCE OF PAYMENTS SUPPORT CATEGORY.

DRAFTED:NEA/EGY:CAKENNEDY:CEK; APPROVED: NEA - MR. ATHERTON;
CLEARED: D- MR POATS; EUR/CE - MR. KURZE; S/S-R.PERITO.

ROBINSON

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, ECONOMIC ASSISTANCE, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 DEC 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE298240
Document Source: CORE
Document Unique ID: 00
Drafter: CAKENNEDY:CEK
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760452-1478
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761261/aaaacavs.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by BoyleJA>; APPROVED <05 NOV 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRIEFING MEMORANDUM - TALKING POINTS ON AID TO EGYPT FOR YOUR MEETING WITH GERMAN FOREIGN MINISTER GENSCHER
TAGS: ECIN, ECON, PFOR, EG, GE, US, (KISSINGER, HENRY A), (GENSCHER, HANS-DIETRICH)
To: SECRETARY
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006